

What, why and how to achieve growth in 2020 and beyond



RAY GAUL

SVP – Retail Insights – Kantar

KANTAR



Microsoft



AGENDA

1 What?

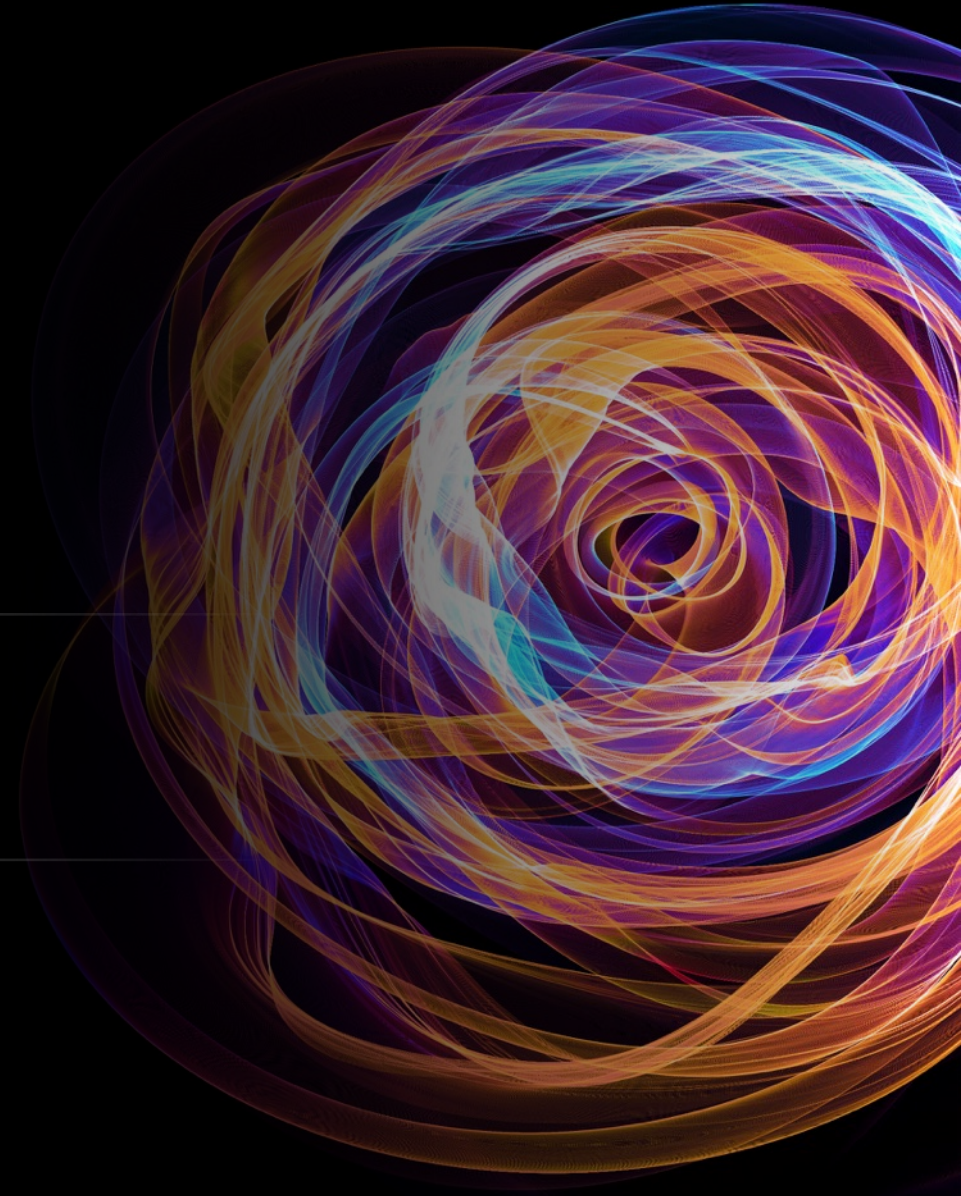
What is the challenge we need to overcome?

2 Why?

Why is the current challenge so different from the past?

3 How?

How can we begin to get in front of this challenge?



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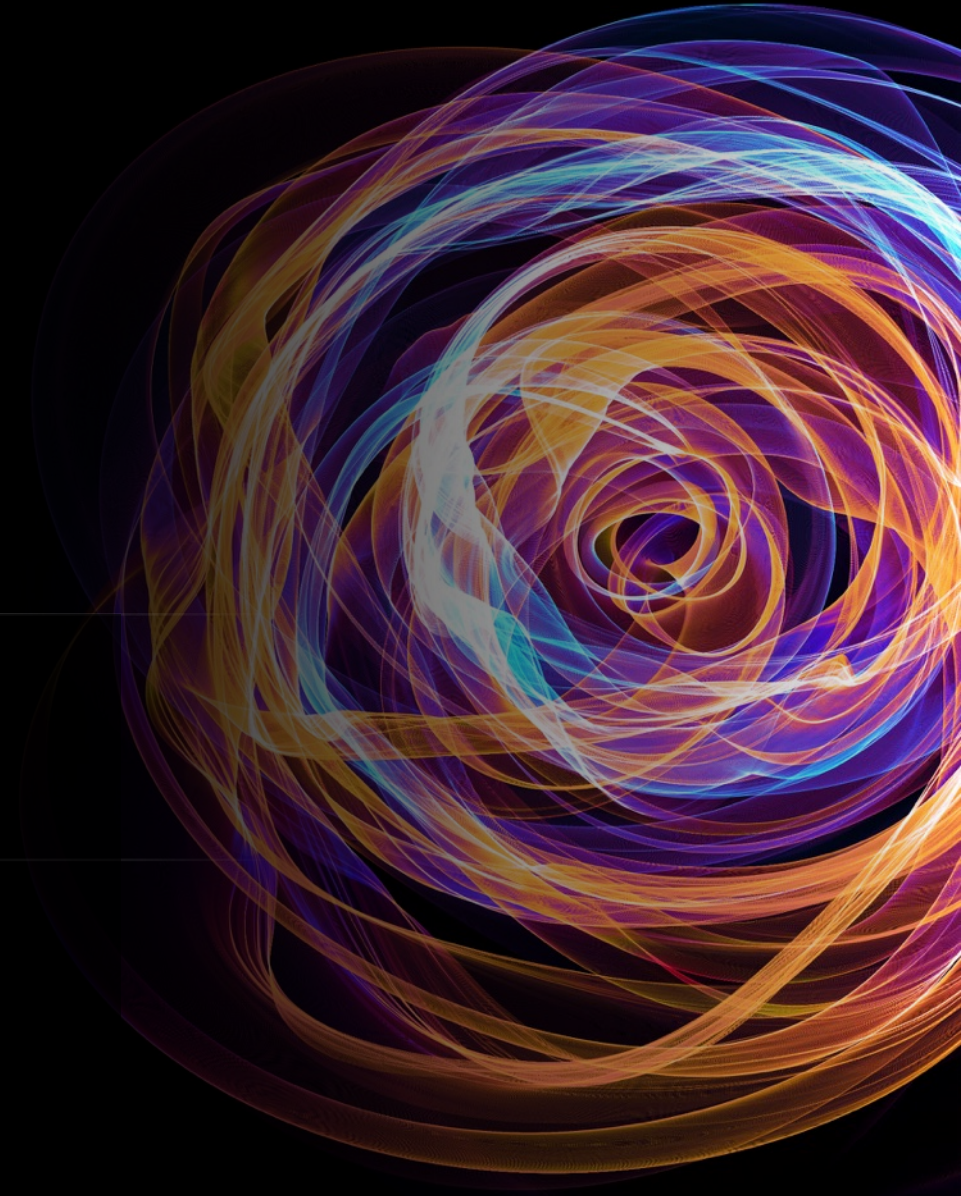
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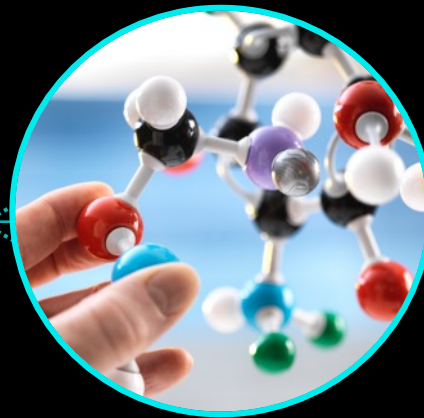
The Science of Retail

“It is not the strongest of the species that survives, not the most intelligent that survives. It is the one that is the most **adaptable to change**.”

- Charles Darwin



Biology



Physics



Chemistry

Let's Answer the "What?" by Performing a Quiz

Question 1 of 4

1

Which calendar date will be the biggest global shopping day in 2019?



Singles Day 11.11, 6.18, Prime Day



JD.com: <https://youtu.be/TyXWU4QkOig>



Amazon: <https://youtu.be/bYt9l2Znrik>

Let's Answer the "What?" by Performing a Quiz

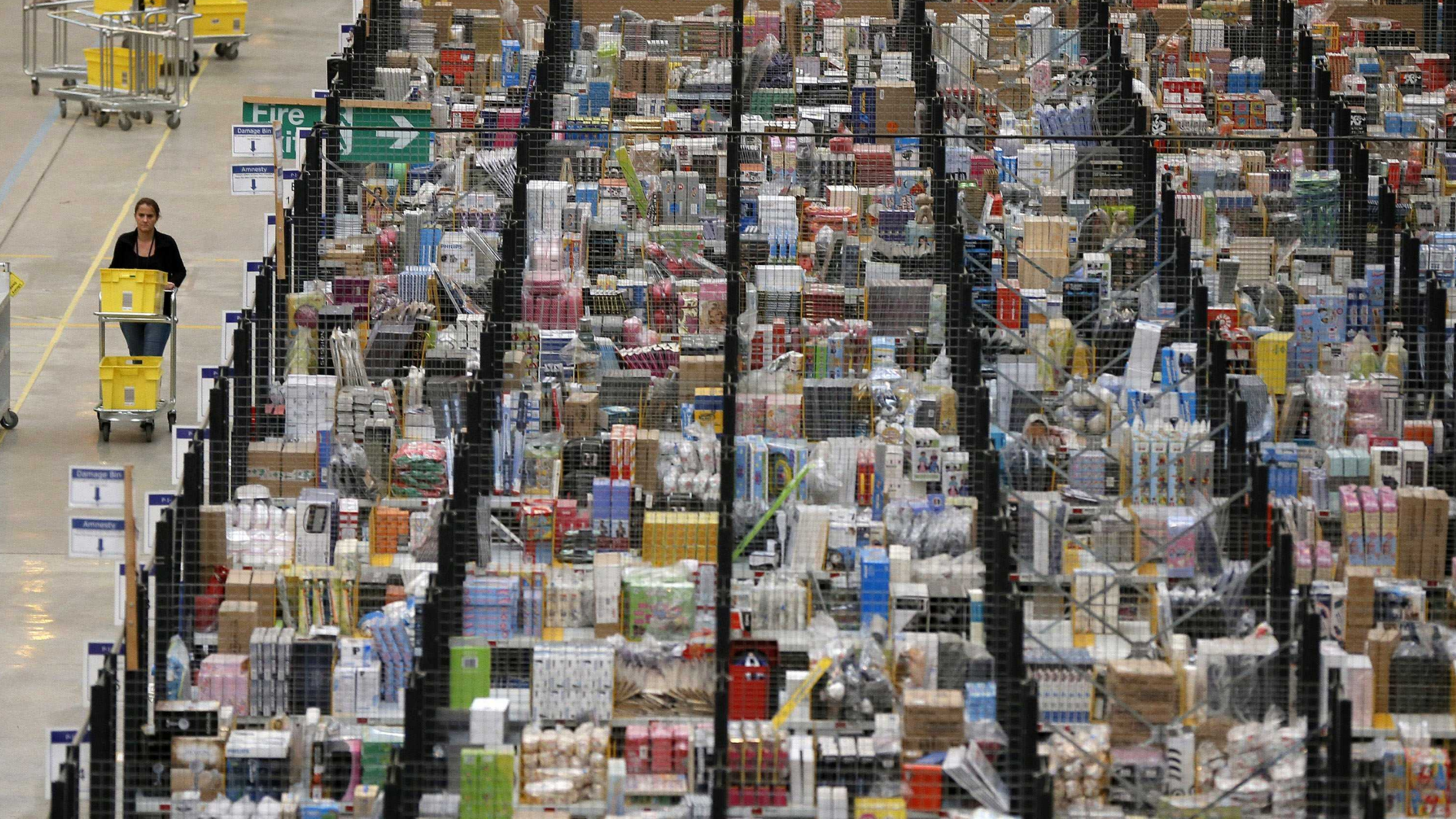
Question 2 of 4

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Which **calendar date** will be the **biggest global shopping day** in **2019**?

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How many **SKUs** did **Amazon** add to their **USA platform** in **2014**?



Let's Answer the "What?" by Performing a Quiz

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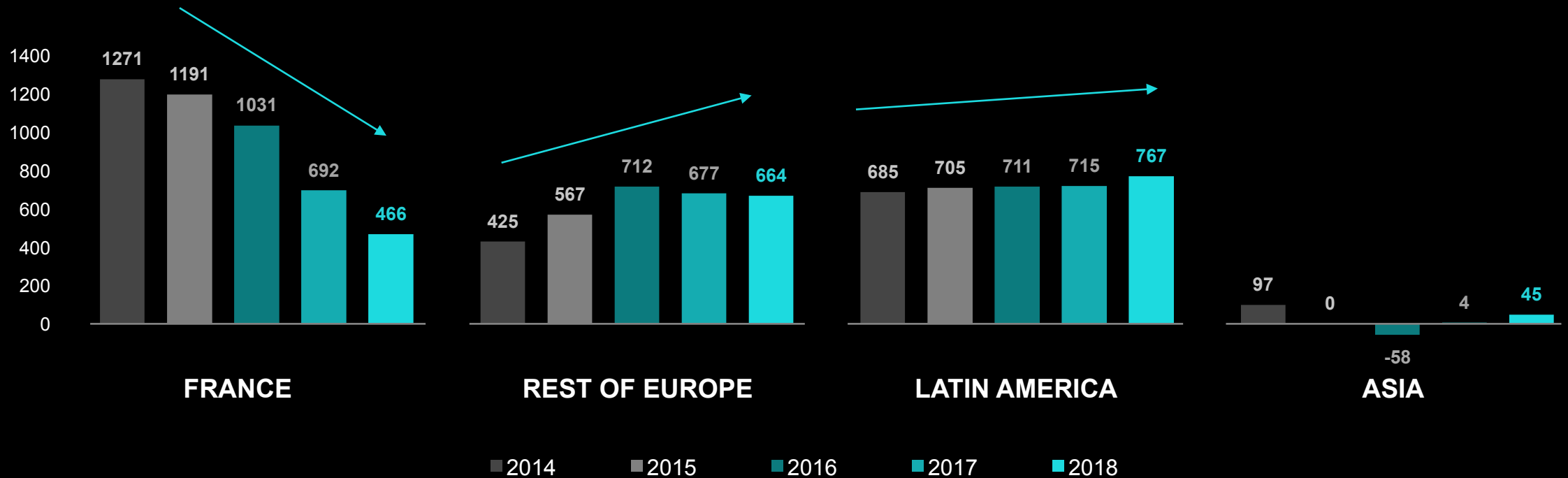
3

Has average **European grocery EBIT %** gone up, down, or stayed the same **since 2013?**
(Past 5 years)

Profit Crisis Example: Carrefour

Growth is difficult to unlock, and even harder to maintain

Recurring Operating Income/Loss, 2014-2018 (EUR mn)



Let's Answer the "What?" by Performing a Quiz

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4

Do shoppers force retailers to **transform stores** or do retailers force shoppers to **adapt their shopping habits?**

Which came first?

...The Chicken or the Egg?



Retailer or Shopper?

Our default view is that retailers transform shopping
and consumers transform shopping needs

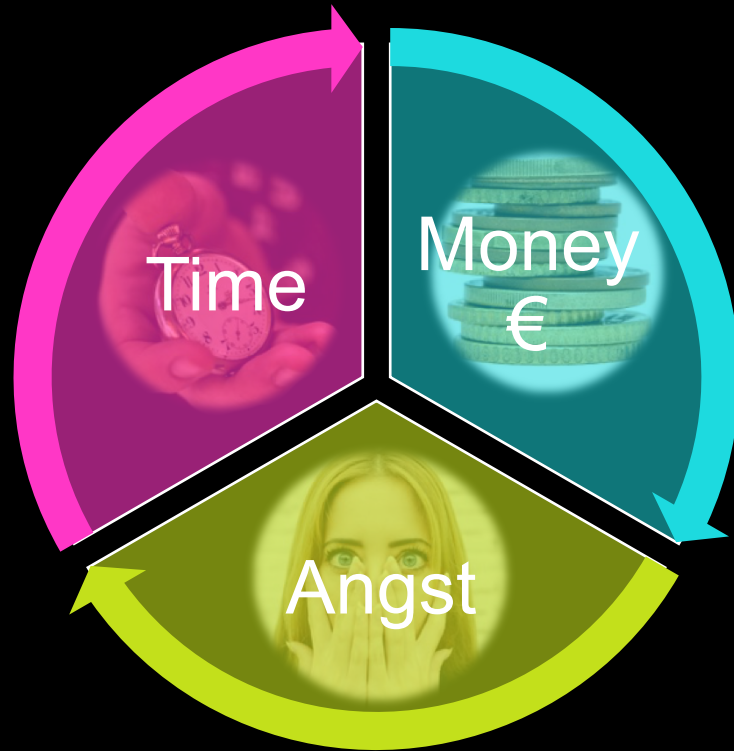


Shopper or Retailer?

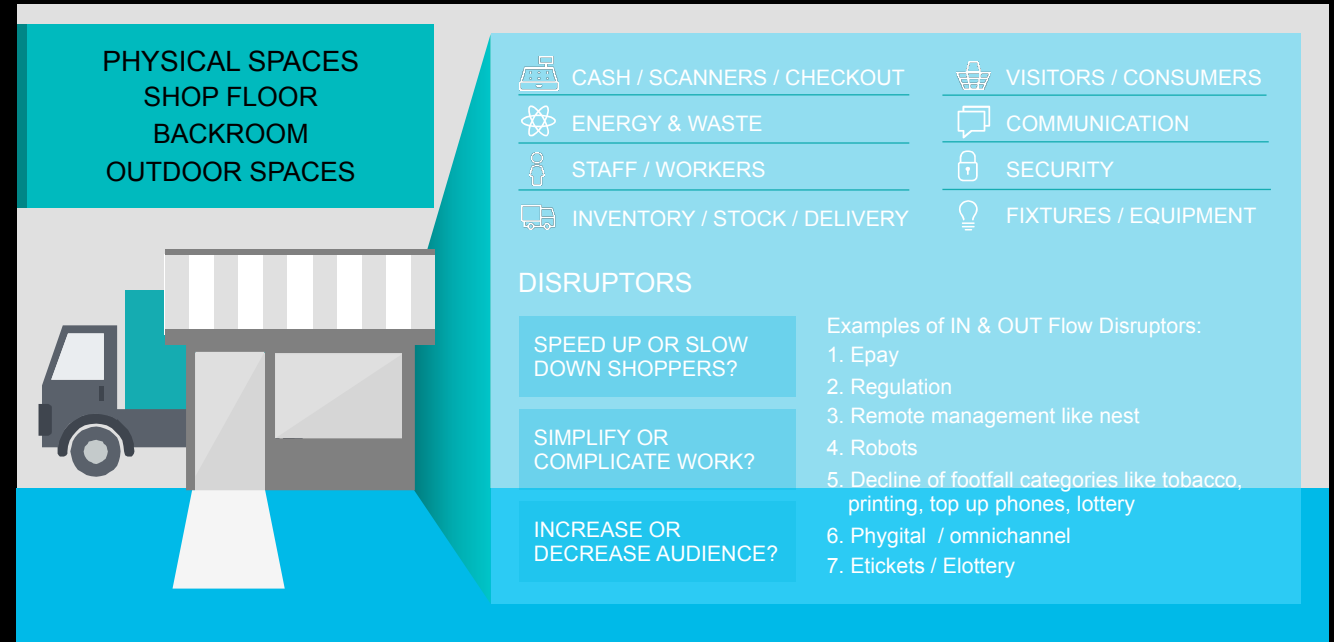
...but is this true today?

Shopper or Retailer?

Shoppers invest time, money, angst...customers invest in locations, technology, and exclusives / activations



Our default view is that good retailing is getting shoppers to spend more money?



But with new technology, is that the best bet?

WHO IS A CONVENIENCE EXPERT?

WHERE IS THE LINE BETWEEN PHYSICAL AND DIGITAL?



What? Some Early Implications.

We face four challenges:

- 1) **Calendar:** Running last year's promotion again at the same time may not result in a win
- 2) **Assortment:** New business models are challenging what we expect to shop and receive from different channels/formats of retail
- 3) **Profit:** The business models that are driving growth are “invest today, generate ROI in the future” models that require new relationships with shareholders
- 4) **Shopping missions:** New technology means we need to make it faster for shoppers to do everyday shopping, while simplifying activities (costs). We also need to amplify and connect stores to homes. Companies that try to connect homes to stores will fail.



AGENDA

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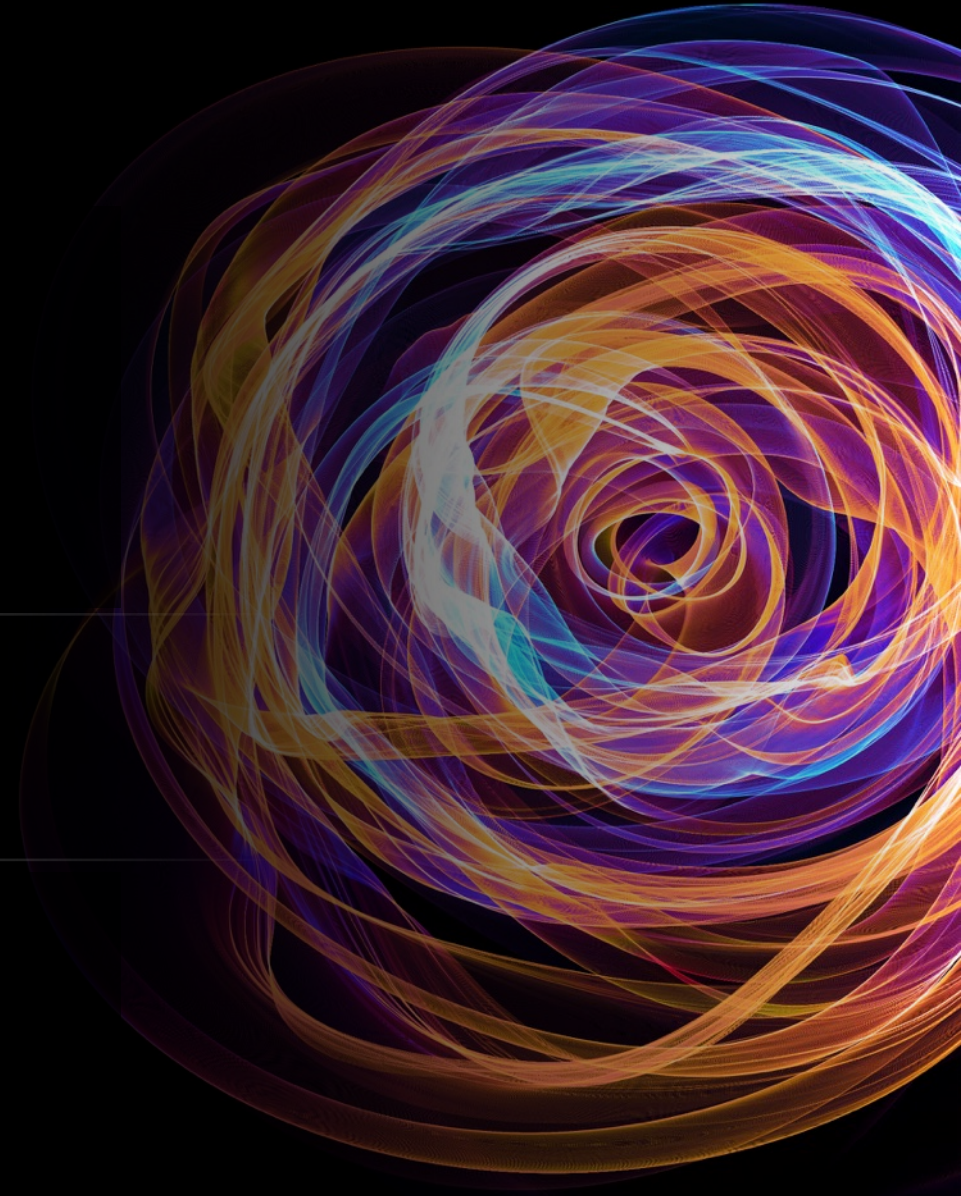
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The Foundational Commercial Processes Driving Retail

From XLS-based spreadsheets to Platform-Based

The PAST (and present)

Data created by humans and used by humans

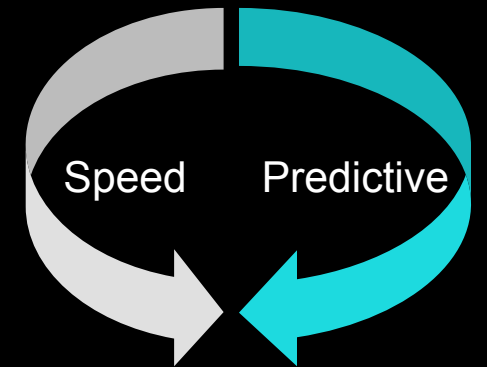
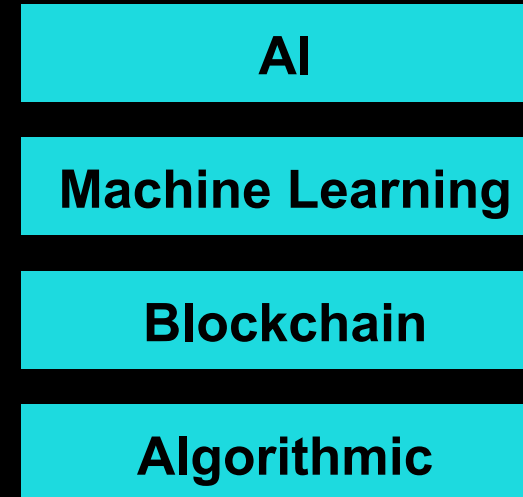
A move from analog to digital with time lag

Area	Specialty	Keys to Success	Role of Data
NPD	• Category Management	• Category lift • Availability %	• Market share report, monthly
Revenue Management	• Assortment Optimization	• Cost-to-Serve • Inventory Turns	• Quarterly P&L • Financial dashboard on pack sizes
Promotional Efficiency	• Trade promotion management	• Incremental sales per promoted item • Compliance %	• Excel sheets by key account

The FUTURE

Data created by machines and used by machines

A move from digital with time lag to automated and instantaneous

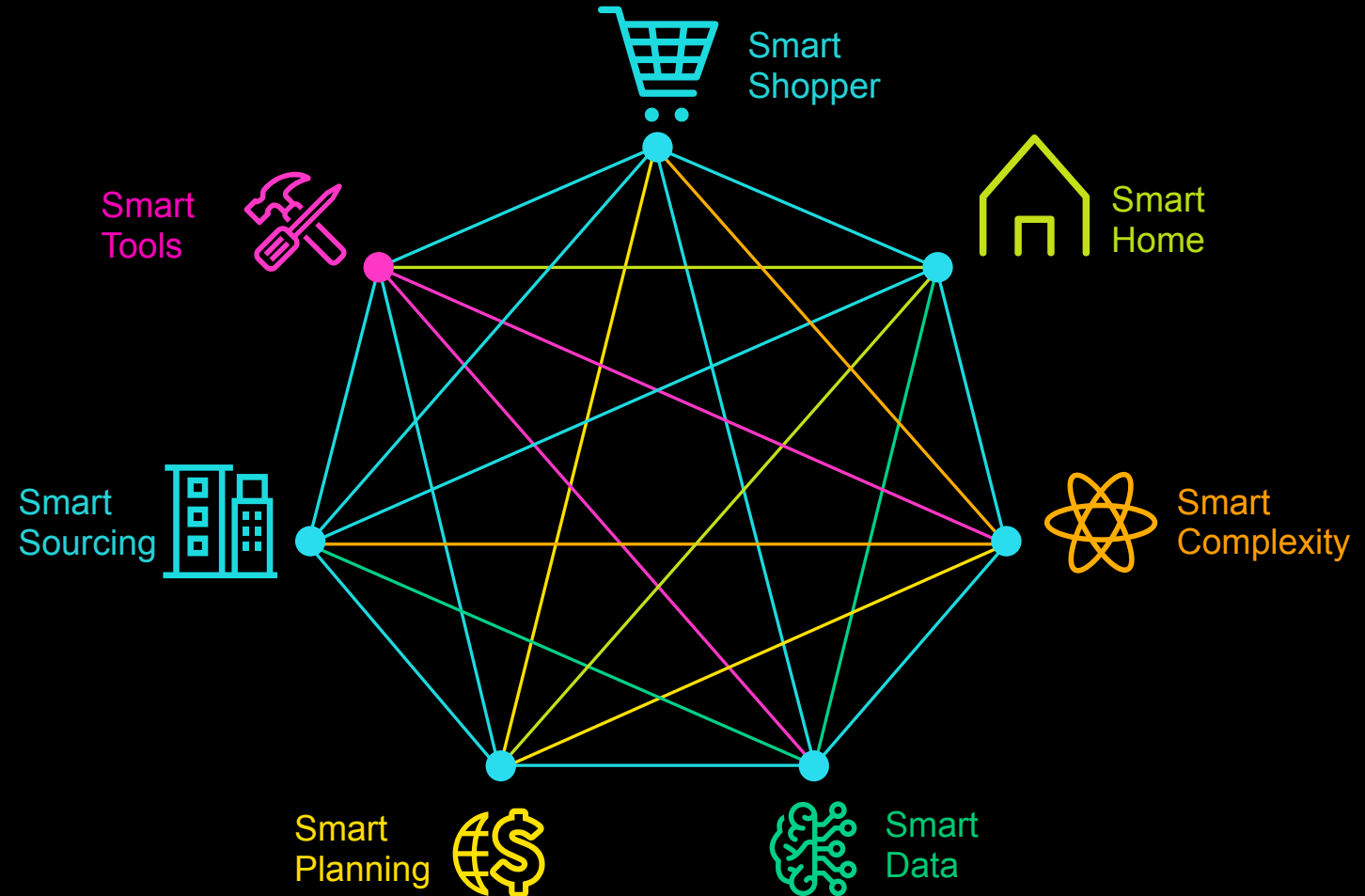




The retailer matrix of 2030 and planning

The one certainty of the future is that data and information will be more integrated and connected at far higher speeds

How will we be a successful part of the **Smart Matrix** of smart shoppers, smart homes, smart cities, smart devices, smart employees, and smart stores?



For the Retailer to Function in the Future it will need the Right Tools

Smart tools are a requirement for managing the very dense data and automated environment of the future store



Visual recognition of ratio and movement



idscan™ Emotion identification



Facial verification

Financial Tech (FinTech) establishes frictionless experiences while lowering price sensitivity and raising the value of convenience and experience



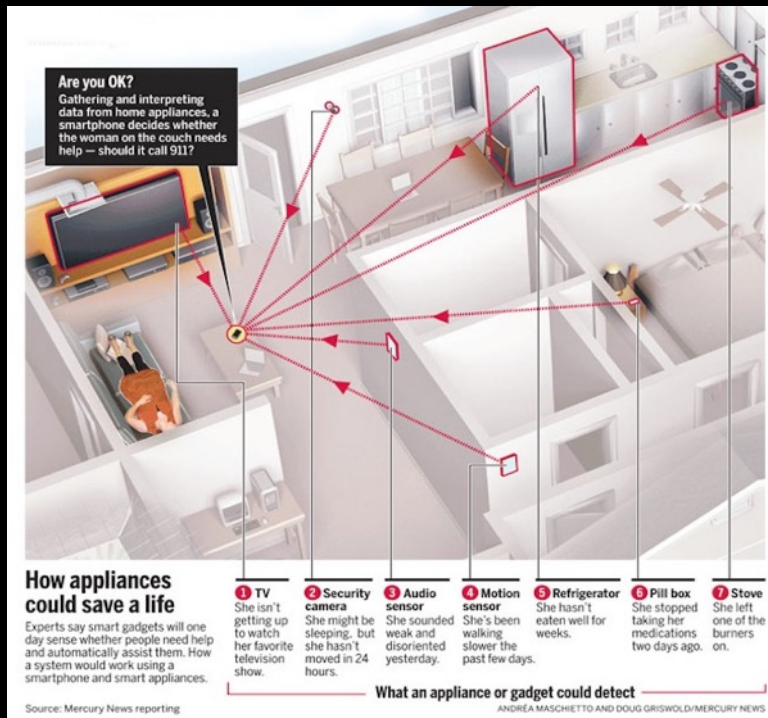
For the Retailer to Function in the Future it will need the Right Tools

Smart also means remodels and enabling existing stores and distribution centers to fit to the new shopper requirements of 'frictionless' checkout, affordable order builds, and options for building and delivering orders



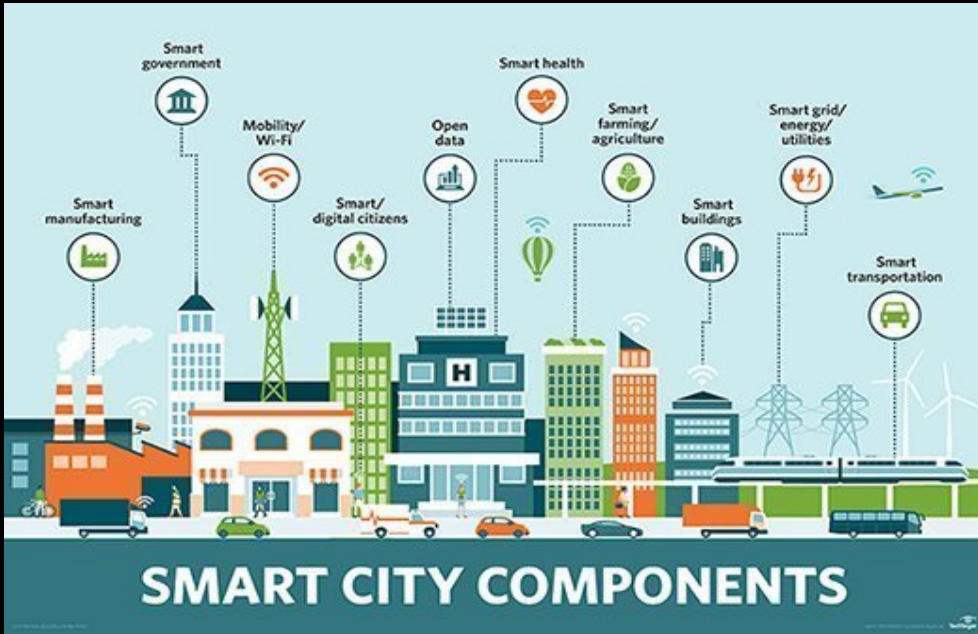
The **smart home** starts with ‘point and command’ but in the future will become proactive

Directly connecting the home and retail greatly expands transactional relationships and longer-term loyalty drivers



Smart homes, smart retail integrate to **smart cities** for full effectiveness

Integration provides benefits to all, but especially to the retailer in an omnichannel environment



A simple view

Source: Kantar Consulting. IBM.com, FieldTrack.io, TechTalk.com



The complex reality

Smart employees and robots form the new team of productivity

Robots are AI in motion and critical partners going forward



Smart buildings expand beyond the store into the full experience

Online B2B expands to B2C engagement via eCommerce and digital signage through malls and commercial tenants



Source: Kantar , Alibaba



Smart fixtures, interactive surfaces, and integrated AI are the next step

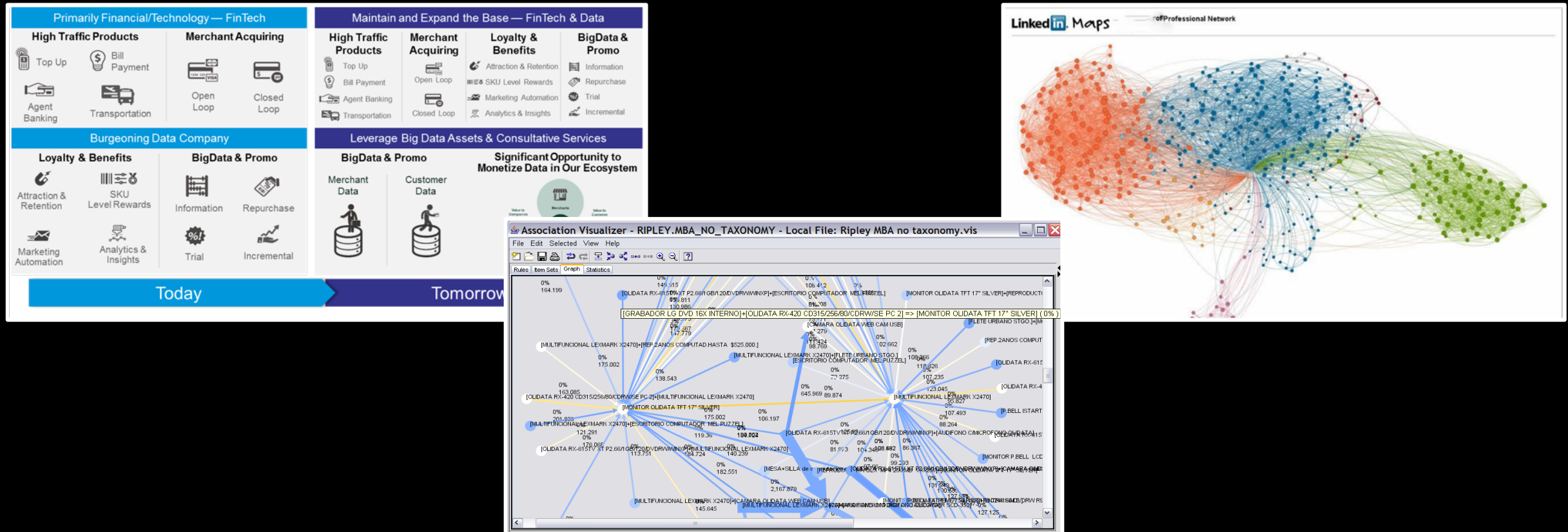


Every part of the store is digital and accessible to the cloud ecosystem of the shopper, the retailer, and potentially, the vendor



How to cope with and leverage the trove of data rapidly created in this new environment

Smart data is more than collection; it is managed, stored, protected, and placed in the best possible situations for profitable use



Source: Kantar Consulting

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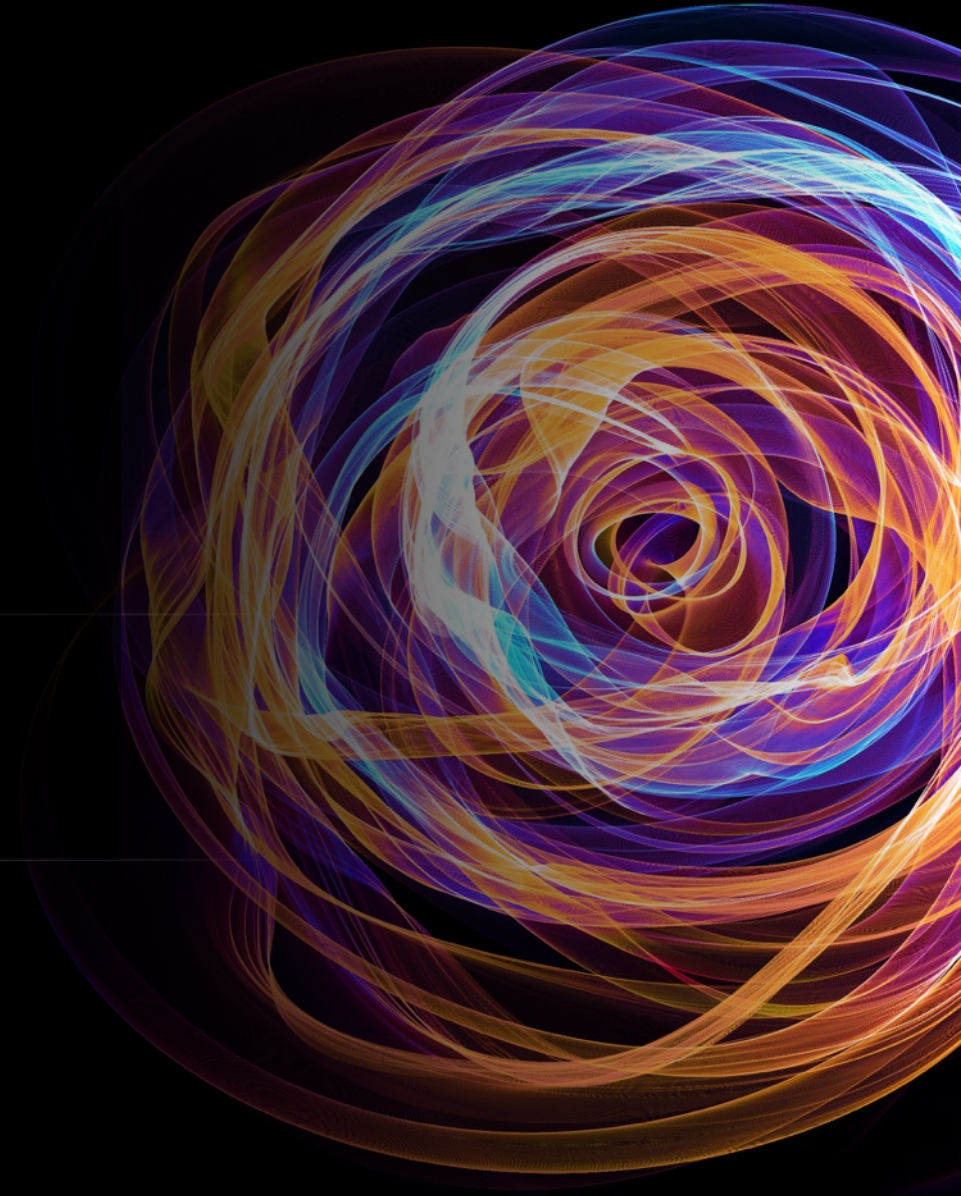
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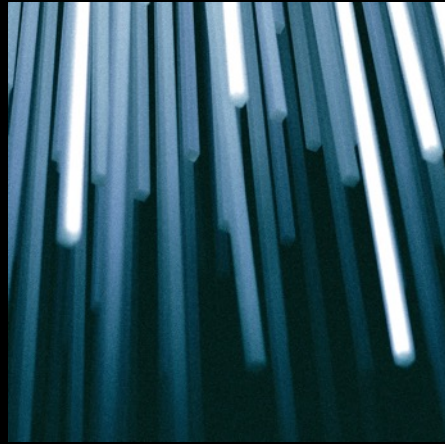
Five philosophies



Make Your Best
Better



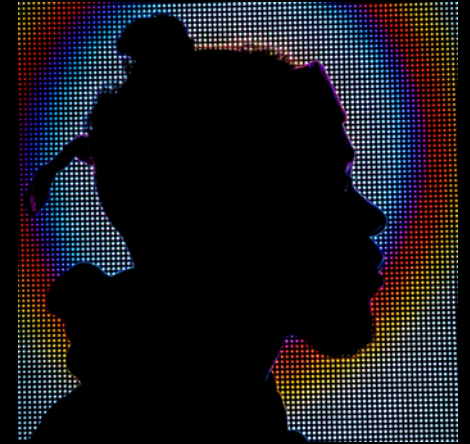
Be Your Best
Faster



Be Your Best
Easier



Be Your Best
More Often



Transform
Your Best

Make Your Best Better



Wide-angle Lens



Abundant Tools



Abundant Growth

Be Your Best Faster

Testing

Decisions

RAPID

Iteration

Teams



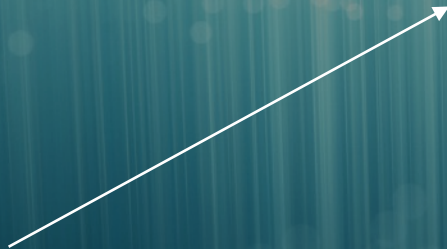
Be Your Best Easier

Planning



FRICTIONLESS

Automation

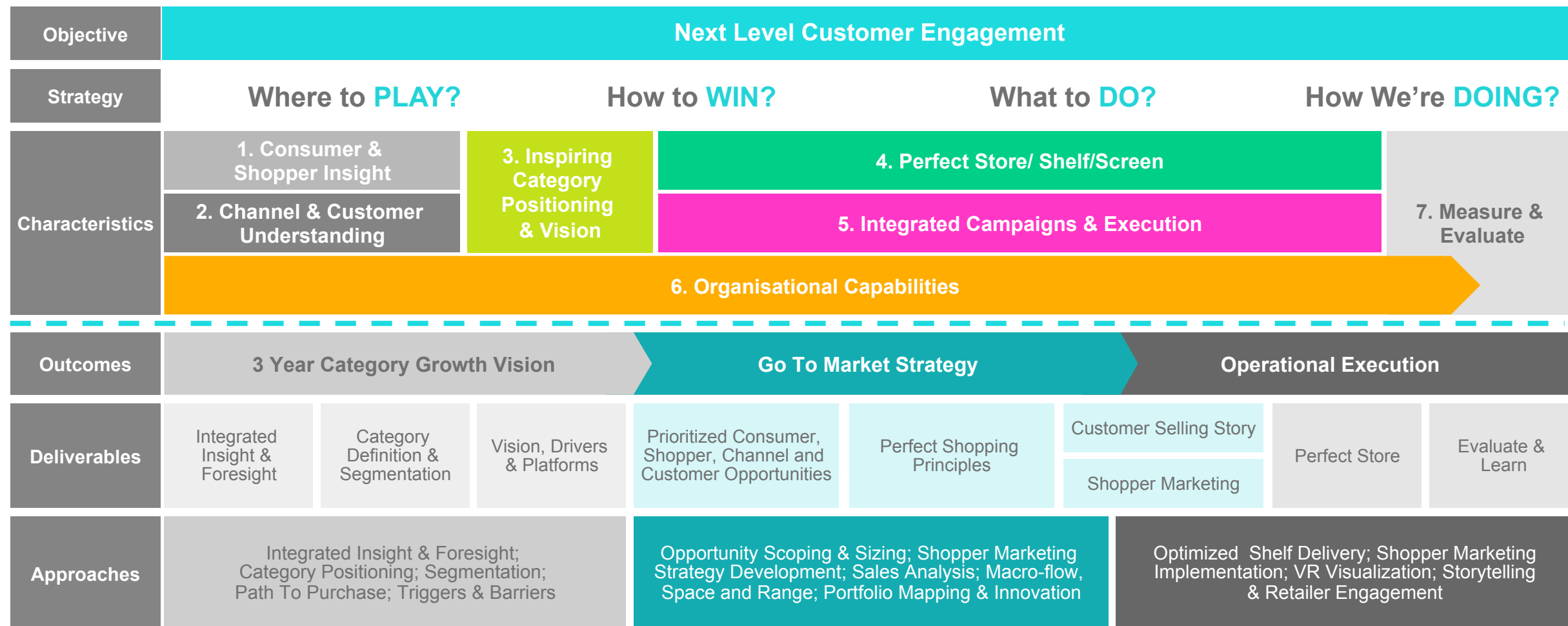


Trading



Be Your Best More Often

Keeping org plans up-to-date requires decentralization and delegation, if not, automation

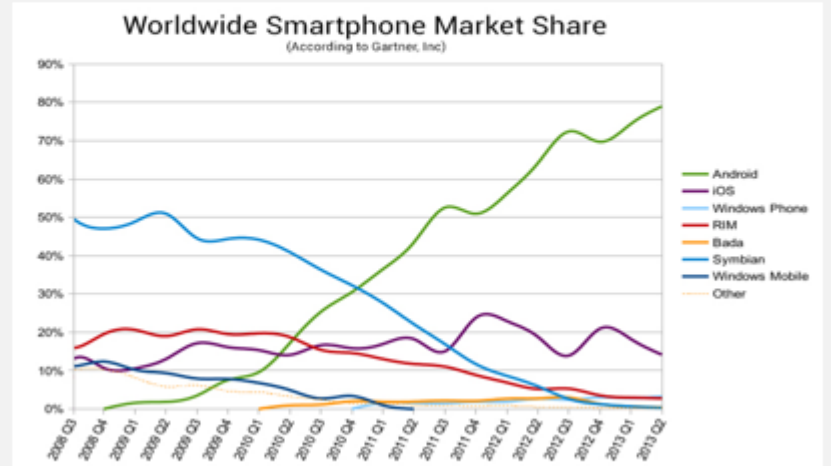


Transform your Best



See growth opportunities more easily

Remember, Google acquired Android 3 years BEFORE this chart's start date



Develop growth strategies more quickly

SUMMARY

1 What?

4 Challenges – Calendar, Assortment, Profit, Shopper Missions

2 Why?

The move from digital to automated is underway

3 How?

5 Philosophical Adjustments

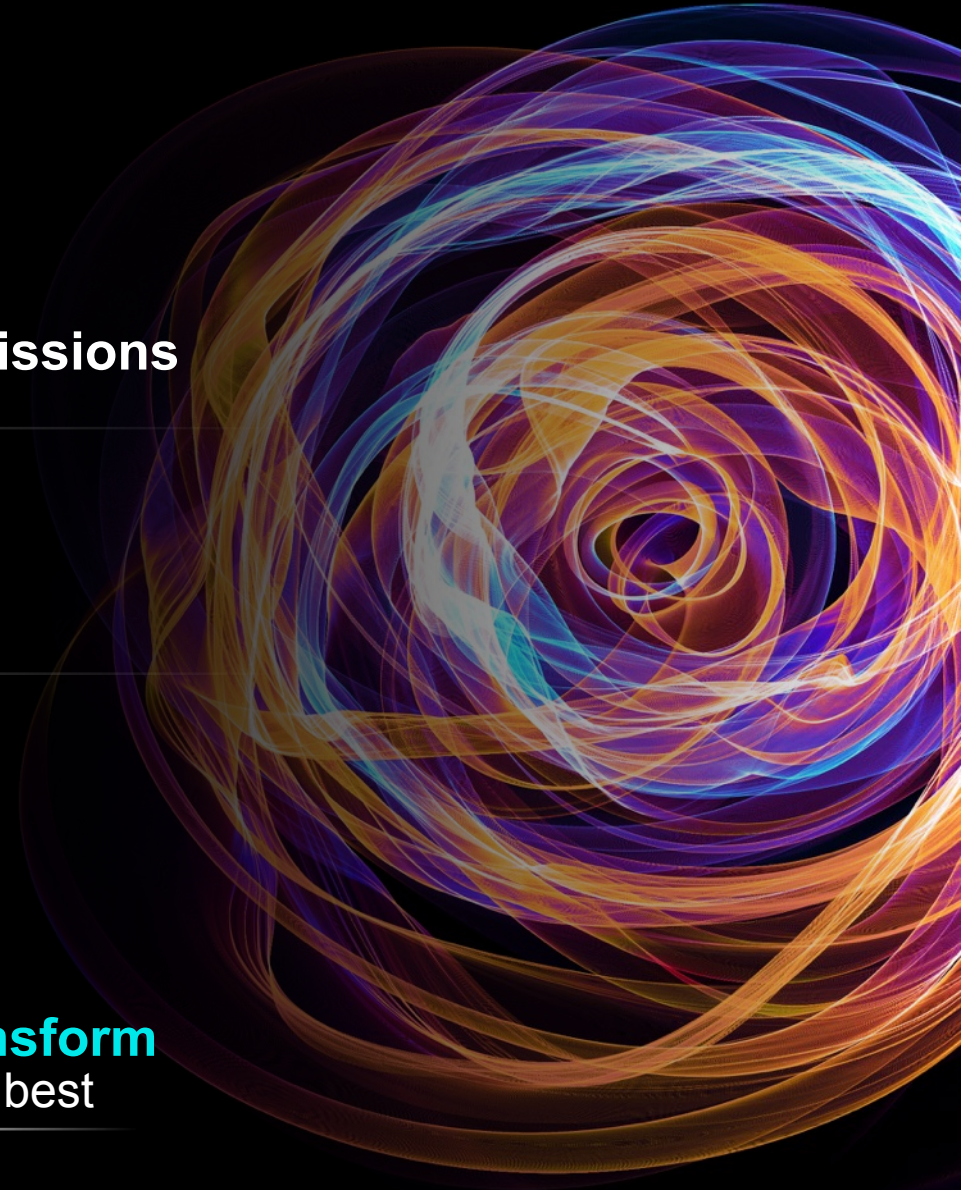
Make
your best
better

Be your
best
faster

Be your
best
easier

Be your
best
more often

Transform
your best



THANK YOU